

September 12, 2014

## **Otsuka Chemical to Acquire Higashiyama Film, Entering into Functional Film Market**

Otsuka Chemical Co., Ltd. (Chuo-ku, Osaka-Shi, Mr. Takeharu Harashima, President and Representative Director, "Otsuka Chemical") today announced that it has entered into a definitive agreement with the fund managed by CITIC Capital Partners ("CITIC Capital"), the private equity arm of CITIC Capital Holdings Limited whereby Otsuka Chemical will acquire the 96% capital stock of Higashiyama Film Co., Ltd. (Nagoya-Shi, Aichi-Ken, Mr. Shigeru Matsubara, President and Representative Director. Together with affiliates, Higashiyama (Shanghai) Function Film Co., Ltd. and Higashiyama Film Korea Co., Ltd., collectively, "Higashiyama Group") (the "Transaction").

As a result of the Transaction, Otsuka Chemical will enter into functional film market. Otsuka Chemical's unique materials such as TERPLUS, the advanced polymer product synthesized by Otsuka Chemical's living radical polymerization technology, could be utilized as adhesive materials which will be well-matched with Higashiyama Group's coating technology. With the existing management of Higashiyama Group, we will aim to provide higher quality and value-added products and to strengthen our business infrastructure by utilizing the materials and technologies of both companies.

Higashiyama Group has engaged in manufacturing, processing, marketing and research and development of hardcoat films for smartphones, tablet terminals and in-vehicle touch panels, and functional films for optical films which are used for liquid crystal displays. Higashiyama Group's strengths in distinctive film processing technologies (mold releasing, surface protection, adhesives, antibacterial, molding, thinning, etc.) and compound technology to meet diversified customer needs. Higashiyama Group provides "One-Stop" solutions for film processing and maintains a high level of customer satisfaction in the domestic and international market.

Higashiyama Group's hardcoat film is the flagship product among others, and the hardcoat film market is expected to expand further whereby there is an incremental demand in smartphone and tablet terminal market. It is also expected that the range of end market application of functional film will be extended to renewable energy (solar battery, lithium battery, etc.) and medical equipments segment.

Otsuka Chemical plans to transfer a portion of its stake in Higashiyama Group to Higashiyama Group's business

partners such as AICA Kogyo Company, Limited, Meikô Construction Co., Ltd. and Mitsubishi Chemical Engineering Corporation after the completion of the Transaction.

#### Company Profiles

##### Otsuka Chemical Co., Ltd.

Established	:	August 29, 1950
Capital	:	5 billion Japanese yen
Representative	:	Takeharu Harashima, President and Representative Director
Head Office	:	3-2-27, Ote-Dori, Chuo-Ku, Osaka-shi, Osaka 540-0021 Japan
Employees	:	550 (as of March 31, 2014)
Business Description	:	Manufacturing and marketing of chemical products

##### Higashiyama Film Co., Ltd.

Established	:	May 23, 1949
Capital	:	1,087 million Japanese yen
Representative	:	Shigeru Matsubara, President and Representative Director
Head Office	:	1, 2460 Kanenawate, Nakashidami, Moriyama-ku, Nagoya-shi, Aichi-ken, 463-0002 Japan
Employees	:	293 (as of March 31, 2014)
Business Description	:	Processing, manufacturing, and marketing of functional film

##### HIGASHIYAMA (SHANGHAI) FUNCTION FILM CO., LTD.

Established	:	December 29, 2005
Capital	:	US\$ 2.83 million
Representative	:	Shigeru Matsubara, President and Representative Director
Head Office	:	2831 Jia-hang Road, Jiading District, Shanghai, P.R.China
Employees	:	17 (as of March 31, 2014)
Business Description	:	Processing and marketing of functional film

##### HIGASHIYAMA FILM KOREA CO., LTD.

Established	:	May 5, 2013
Capital	:	100 million Korean won
Representative	:	Shigeru Matsubara, President and Representative Director
Head Office	:	#802, ITTO Tower, 1456, Guwol-dong, Namdong-gu, Incheon-City, 405-220 Korea
Employees	:	2 (as of March 31, 2014)
Business Description	:	Marketing of functional film